

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1983 - SB 1766

March 25, 2011

SUMMARY OF BILL: Requires any workers' compensation contracting agent to register with the Department of Commerce and Insurance (TDCI) within 30 days of commencing business in Tennessee. Exempts any individual or entity licensed by TDCI as an insurer or workers' compensation payor from the registration requirement. Requires any non-licensed contracting agent or workers' compensation payor to register with TDCI within 90 days of the effective date of this act. Authorizes TDCI to assess civil penalties set forth in Tenn. Code Ann. § 56-2-305(a)(1) or (a)(2). Codifies the requirements for registration and authorizes TDCI to charge a registration fee to defray costs. Classifies as an unfair insurance practice, knowingly accessing a provider's services or exercise of a provider's contractual discounts if such access or exercise is not pursuant to a contractual relationship with the provider, contracting agent, or workers' compensation payor. Requires TDCI to create a complaint form for the submission of violation allegations. Prohibits liability for civil damages against providers of information submitted in good faith to TDCI. Authorizes TDCI to promulgate rules including emergency rules if TDCI cannot promulgate permanent rules.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –\$7,500

Assumptions:

- Tenn. Code. Ann. § 56-2-305(a)(1) authorizes TDCI to order a person or entity failing to register as a contracting agent to cease and desist from conducting business.
- Tenn. Code. Ann. § 56-2-305(a)(2) authorizes TDCI to order a person or entity to pay a civil penalty of not more than \$1,000 per violation, not to exceed \$100,000 in aggregate, or in the case of knowing violations, to order payment of a civil penalty of not more than \$25,000 per violation, not to exceed \$250,000 in aggregate.
- According to TDCI, the Department will implement a system of registration for contracting agents. The Department estimates 30 agents will register at a cost of \$500 per license. The license will be renewed every two years. The result will be a recurring increase in state revenue of \$7,500 [(\$500 license fee x 30 agents) / 2 years].
- Based upon information provided by TDCI, the Department does not anticipate a significant increase in the number of complaints received or hearings held as a result of this bill. Therefore, no significant increase in state expenditures or civil penalty revenue.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/sbh